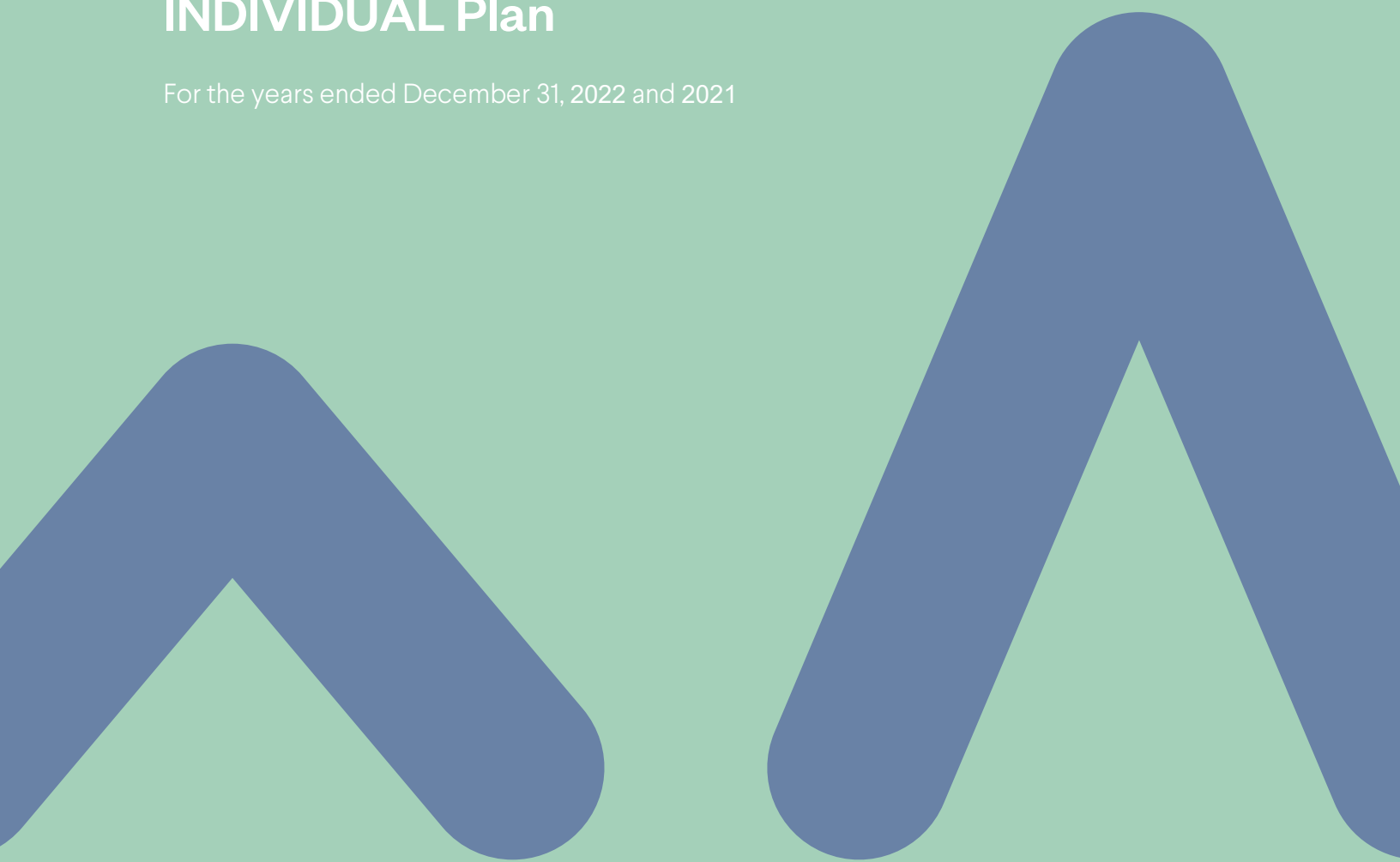


# Financial statements

## INDIVIDUAL Plan

For the years ended December 31, 2022 and 2021



**KALEIDO**

# The INDIVIDUAL Plan

## Table of contents

Independent Auditor's Report.....	2-3
<b>Financial Statements</b>	
Statements of financial position.....	4
Statements of net income and comprehensive income.....	5
Statements of changes in net assets attributable to contracts.....	6
Statements of cash flows.....	8
<b>Schedule of investment portfolio .....</b>	<b>9</b>
<b>Notes .....</b>	<b>14</b>
<b>Appendices</b>	
Scholarship plan agreements (unaudited) .....	27
Educational assistance payments (unaudited) .....	28

# Independent Auditor's Report

To the subscribers of  
the INDIVIDUAL Plan

## Opinion

We have audited the financial statements of the INDIVIDUAL Plan (the "Plan"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of net income and comprehensive income, changes in net assets attributable to contracts and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP<sup>1</sup>

Quebec City, Quebec

March 23, 2023

---

<sup>1</sup> CPA auditor, public accountancy permit No. A110092

## Statements of financial position

	Notes	December 31, 2022	December 31, 2021
<b>(in thousands of Canadian \$)</b>			
<b>Assets</b>			
Cash		542	743
Sales pending settlement		-	3
Other accounts receivable	6, 7	-	1,800
Dividends receivable		11	28
Interest receivable		152	121
Canada Education Savings Grant (CESG) receivable	9	45	1,225
Quebec Education Savings Incentive (QESI) receivable		154	1,402
Investments	4, 9	37,735	48,157
		<b>38,639</b>	53,479
<b>Liabilities</b>			
Accounts payable and other liabilities	6	127	182
Quebec Education Savings Incentive (QESI) refundable		135	130
		<b>262</b>	312
<b>Net assets attributable to contracts</b>		<b>38,377</b>	53,167

### Approved by

[Yves Lacasse] Chairman of the Board of Directors

[Albert Caponi] Chairman of the Audit and Risk Management Committee

The notes are an integral part of these financial statements

## Statements of net income and comprehensive income

for the years ended December 31  
(in thousands of Canadian \$)

Notes

2022

2021

### Revenues from ordinary activities

Interest income for educational assistance payments	988	512
Dividends	168	327
Realized gain (loss) on disposal of investments	1,203	2,516
Change in unrealized gain (loss) of investments	(3,048)	1,010
	(689)	4,365

### Operating expenses

Brokerage fees	6	9
U.S. tax expense	4	11
Portfolio management fees	25	52
Custodian fees	23	25
Administration fees	7 617	574
Independent Review Committee fees	1	1
	676	672

<b>Net income and comprehensive income attributable to contracts</b>	<b>(1,365)</b>	<b>3,693</b>
--	----------------	--------------

The notes are an integral part of these financial statements

## Statements of changes in net assets attributable to contracts

for the years ended December 31

(in thousands of Canadian \$)

	Subscriber savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
<b>Net assets as at December 31, 2021</b>	26,101	969	13,346	7,028	4,349	1,374	53,167
Net income and comprehensive income for the period	-	(134)	-	(1,065)	-	(166)	(1,365)
<b>Increase</b>							
Subscriber savings	2,495	-	-	-	-	-	2,495
Transfers between plans	-	-	3	-	-	-	3
Grants received from governments	-	-	967	-	(433)	-	534
Transfers from other promoters	-	-	2	-	-	-	2
	2,495	-	971	-	(433)	-	3,033
<b>Decrease</b>							
Refund of savings at maturity	(12,126)	-	-	-	-	-	(12,126)
Grants returned to governments	-	-	-	-	(109)	-	(109)
Transfers to other promoters	-	-	(10)	(5)	(1)	(1)	(17)
Grants and income on grants paid	-	-	(2,363)	(413)	(1,067)	(158)	(4,001)
Outflow of accumulated income on grants for payments to a designated educational institution	-	(10)	-	(4)	-	-	(14)
Accumulated income payment (AIP)	-	(9)	-	-	-	-	(9)
Educational assistance payments (EAPs)	-	(182)	-	-	-	-	(182)
	(12,126)	(201)	(2,373)	(422)	(1,177)	(159)	(16,458)
<b>Net assets as at December 31, 2022</b>	16,470	634	11,944	5,541	2,739	1,049	38,377

## Statements of changes in net assets attributable to contracts

for the years ended December 31

(in thousands of Canadian \$)

	Subscriber savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
<b>Net assets as at December 31, 2020</b>	21,358	1,423	11,657	4,279	3,758	783	43,258
Net income and comprehensive income for the period	-	(159)	-	3,127	-	724	3,692
<b>Increase</b>							
Subscriber savings	14,879	-	-	-	-	-	14,879
Change in the SCROM	-	-	-	-	-	-	-
Transfers between plans	33	-	69	13	7	1	123
Grants received from governments	-	-	3,554	-	1,456	-	5,010
Transfers from other promoters	-	1	10	-	2	-	13
	14,912	1	3,633	13	1,465	1	20,025
<b>Decrease</b>							
Refund of savings at maturity	(10,169)	-	-	-	-	-	(10,169)
Grants returned to governments	-	-	-	-	(14)	-	(14)
Transfers to other promoters	-	-	(39)	(20)	(2)	(2)	(63)
Grants and income on grants paid	-	-	(1,905)	(371)	(858)	(130)	(3,264)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	-	-	-	(2)	(2)
Accumulated income payment (AIP)	-	(8)	-	-	-	-	(8)
Educational assistance payments (EAPs)	-	(288)	-	-	-	-	(288)
	(10,169)	(296)	(1,944)	(391)	(874)	(134)	(13,808)
<b>Net assets as at December 31, 2021</b>	26,101	969	13,346	7,028	4,349	1,374	53,167



## Statements of cash flows

for the years ended December 31  
(in thousands of Canadian \$)

2022 2021

### Cash flows from (used in) operational activities

Income received		
Interest	956	480
Dividends	174	312
	<b>1,130</b>	792
Operating expenses paid		
Brokerage fees	(6)	(9)
U.S. tax expense	(4)	(11)
Portfolio management fees Trustee fees	(33)	(48)
Custodian fees	(1)	(1)
Administration fees	(21)	(27)
Independent Review Committee fees	(625)	(547)
	(1)	(1)
	<b>(691)</b>	(644)
Other operational activities		
Disposal of investments	54,755	59,433
Acquisition of investments	(46,163)	(65,686)
	<b>8,592</b>	(6,253)
Net cash flows from (used in) operational activities	<b>9,031</b>	(6,105)

### Cash flows from (used in) financing activities

Savings received	4,298	15,321
Savings paid to other promoters	(7)	(14)
Refunds of savings to subscribers	(12,159)	(10,168)
CESG and income on CESG received	2,133	3,395
QESI and income on QESI received	816	1,279
QESI and income on QESI paid	(107)	(9)
Transfers between plans	3	123
Educational assistance payments (EAPs)	(4,209)	(3,550)
Net cash flows from (used in) financing activities	<b>(9,232)</b>	6,377
<b>Net increase (decrease) in cash</b>	<b>(201)</b>	272
<b>Cash, beginning of year</b>	<b>743</b>	<b>471</b>
<b>Cash, end of year</b>	<b>542</b>	<b>743</b>

## Schedule of investment portfolio

as at December 31, 2022

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Short-term investments</b>					
22,783	Cash		-	22,783	22,783
14	Cash sweep		-	14	14
10	SOCIETE DE TRANS L'OUTAOUAIS	12 Sep 2023	1.950	10	10
10	RESEAU DE TRANS METROPOLITAIN	30 Apr 2023	0.650	10	10
<b>Total - Short-term investments</b>				22,817	22,817
<b>Bonds</b>					
<b>Bonds issued or guaranteed by a Canadian province</b>					
50	HYDRO-QUEBEC	1 Sep 2028	2.000	49	45
300	PROV OF ONTARIO	2 Dec 2030	1.350	250	247
225	PROV OF ONTARIO	1 Nov 2029	1.550	219	193
150	PROV OF ONTARIO	5 Feb 2025	2.650	146	146
50	PROV OF QUEBEC	20 May 2032	3.650	50	49
150	PROV OF QUEBEC	27 May 2031	2.100	146	130
150	PROV OF QUEBEC	13 Feb 2027	1.850	139	139
735	PROVINCE OF ONTARIO	1 Feb 2027	1.850	752	680
50	PROV OF NOVA SCOTIA	1 Dec 2031	2.400	44	44
				1,795	1,673
<b>Bonds issued or guaranteed by a municipality</b>					
50	BROSSARD QUEBEC	5 Nov 2024	0.900	50	46
34	GATINEAU QUEBEC	26 Apr 2026	3.150	34	32
44	GATINEAU QUEBEC	26 Apr 2025	3.050	44	42
40	SOCIETE DE TRANS DE LEVIS QUE	5 Jul 2026	1.350	39	36
75	SOCIETE DE TRANS DE LEVIS QUE	9 Jul 2025	1.200	74	68
40	SOCIETE DE TRANS DE LEVIS QUE	5 Jul 2025	1.150	40	36
30	SOUTH COAST BC TRANSN AUTH	3 Jul 2030	1.600	30	25
150	VAL D OR QUEBEC	1 Dec 2025	1.000	148	133
50	VAL D OR QUEBEC	1 Dec 2024	0.900	50	46
10	RESEAU DE TRANS METROPOLITAIN	30 Apr 2025	1.100	10	9
75	SAINTE-MARTHE-SUR-LE-LAC QUE	9 Sep 2025	1.100	75	68
85	BELOEIL QUEBEC	15 Oct 2025	0.950	84	76
10	BELOEIL QUEBEC	15 Oct 2024	0.850	10	9
				688	626
<b>Bonds issued or guaranteed by a corporation</b>					
40	407 INTERNATIONAL INC	25 May 2032	2.590	35	34
105	407 INTERNATIONAL INC	22 May 2025	1.800	101	98
50	ALLIED PROPERTIES REIT	6 Feb 2032	3.095	50	39
100	ALLIED PROPERTIES REIT	12 Feb 2026	1.726	94	89
75	ALTALINK L P	29 May 2026	2.747	76	71
20	BANK OF MONTREAL	26 Nov 2082	7.325	20	20
50	BANK OF MONTREAL	7 Dec 2027	4.709	50	49
150	BANK OF MONTREAL	28 May 2026	1.551	134	134

## Schedule of investment portfolio

as at December 31, 2022

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Bonds (continued)</b>					
<b>Bonds issued or guaranteed by a corporation (continued)</b>					
100	BANK OF MONTREAL	29 Jul 2024	2.280	96	96
150	BANK OF MONTREAL	6 Mar 2024	2.850	152	146
50	BANK OF NOVA SCOTIA	1 Nov 2027	1.400	43	43
20	BANK OF NOVA SCOTIA	20 Jun 2025	8.900	26	22
100	BANK OF NOVA SCOTIA	10 Jan 2025	1.950	94	94
200	BCI QUADREAL REALTY	24 Jun 2026	2.551	196	185
150	BCI QUADREAL REALTY	12 Mar 2024	1.056	148	143
25	BELL CANADA	10 Nov 2032	5.850	25	26
10	BELL CANADA	17 Mar 2031	3.000	9	9
50	BELL CANADA	14 May 2030	2.500	43	42
75	BELL CANADA	29 May 2028	2.200	75	66
20	BELL CANADA	16 Aug 2027	1.650	17	17
50	BELL CANADA	29 Jan 2025	2.750	48	48
150	CANADIAN IMPERIAL BANK OF COMM	7 Mar 2025	2.750	145	143
50	CANADIAN IMPERIAL BK OF COMM	7 Oct 2027	5.050	50	50
150	CANADIAN IMPERIAL BK OF COMM	17 Apr 2025	2.000	142	140
50	CDP FINANCIAL INC	2 Jun 2027	3.800	50	50
200	CDP FINANCIAL INC	19 Oct 2026	1.500	200	183
75	CHOICE PROPERTIES REIT	24 Jun 2032	6.003	75	77
35	CHOICE PROPERTIES REIT	30 Nov 2026	2.456	33	32
50	CHOICE PROPERTIES REIT	10 Jan 2025	3.546	52	48
50	CT REIT	5 Feb 2029	3.029	50	44
60	DOLLARAMA INC	9 Jul 2029	2.443	59	51
50	DOLLARAMA INC	20 Sep 2027	1.505	43	43
50	DOLLARAMA INC	27 Oct 2025	5.084	50	50
25	ENBRIDGE GAS INC	17 Aug 2032	4.150	25	24
50	ENBRIDGE GAS INC	1 Apr 2030	2.900	47	45
25	ENBRIDGE INC	9 Nov 2032	6.100	25	26
25	ENBRIDGE INC	3 Oct 2029	2.990	22	22
140	ENBRIDGE INC	8 Jun 2027	3.200	132	130
40	ENERGIR INC	16 Apr 2027	2.100	38	36
75	FAIRFAX FINANCIAL HOLDINGS LTD	3 Mar 2031	3.950	75	66
320	FEDERATION DES CAISSES	10 Sep 2026	1.587	299	284
125	FEDERATION DES CAISSES	1 Oct 2025	5.200	125	125
75	GRANITE REIT HOLDINGS LP	30 Aug 2028	2.194	75	64
75	GREAT WEST LIFECO INC	31 Dec 2081	3.600	75	56
50	GREATER TORONTO AIRPORTS AUTH	3 Apr 2029	2.730	52	45
15	GREAT-WEST LIFECO INC	28 Feb 2028	3.337	14	14
50	HYDRO ONE INC	28 Feb 2030	2.160	45	43
75	HYDRO ONE INC	27 Jan 2028	4.910	75	77
50	HYDRO ONE INC	24 Feb 2026	2.770	51	47
60	IA FINANCIAL CORP INC	30 Jun 2082	6.611	60	58
150	IA FINANCIAL CORPORATION INC	25 Feb 2032	3.187	147	137
25	INTACT FINANCIAL CORP	7 Jun 2027	2.850	26	23
50	INTACT FINANCIAL CORPORATION	18 May 2028	2.179	50	44
50	INTACT FINANCIAL CORPORATION	21 May 2024	1.207	47	47
100	LAURENTIAN BANK OF CANADA	3 Jun 2024	1.150	97	94
45	LOBLAW COMPANIES LTD	11 Dec 2028	4.488	46	44
50	MANULIFE FINANCIAL CORP	19 Jun 2082	7.117	50	49
25	MANULIFE FINANCIAL CORP	12 May 2030	2.237	25	23
25	METRO INC	6 Dec 2027	3.390	23	23

## Schedule of investment portfolio

as at December 31, 2022

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Bonds (continued)</b>					
<b>Bonds issued or guaranteed by a corporation (continued)</b>					
50	NATIONAL BANK OF CANADA	16 Aug 2032	5.426	50	49
325	NATIONAL BANK OF CANADA	15 Jun 2026	1.534	310	290
10	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2031	2.800	9	9
50	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2029	4.250	52	48
25	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2027	2.800	23	23
25	OMERS REALTY CORP	14 Nov 2028	5.381	25	26
175	OMERS REALTY CORP	4 Oct 2027	3.244	184	164
55	ROGERS COMMUNICATIONS INC	1 May 2029	3.250	53	49
20	ROGERS COMMUNICATIONS INC	31 Mar 2027	3.650	19	19
25	ROGERS COMMUNICATIONS INC	13 Mar 2024	4.000	27	25
20	ROYAL BANK OF CANADA	24 Nov 2080	4.500	21	18
30	ROYAL BANK OF CANADA	30 Jun 2030	2.088	30	28
15	ROYAL BANK OF CANADA	31 Jul 2028	1.833	13	13
50	ROYAL BANK OF CANADA	26 Jul 2027	4.612	50	49
20	ROYAL BANK OF CANADA	28 Jan 2027	2.328	18	18
150	ROYAL BANK OF CANADA	2 Nov 2026	5.235	151	151
25	ROYAL BANK OF CANADA	1 May 2025	1.936	23	23
50	ROYAL BANK OF CANADA	2 Jul 2024	2.352	48	48
55	SAPUTO INC	16 Jun 2027	2.242	56	49
50	SHAW COMMUNICATIONS INC	2 Nov 2028	4.400	46	48
30	SHAW COMMUNICATIONS INC	1 Mar 2027	3.800	31	28
25	SHAW COMMUNICATIONS INC	31 Jan 2024	4.350	27	25
100	SUN LIFE FINANCIAL INC	13 Aug 2029	2.380	96	95
-	SUN LIFE FINL INC	10 May 2032	2.580	-	-
25	TELUS CORP	2 May 2029	3.300	23	23
25	TELUS CORP	8 Jul 2026	2.750	23	23
40	TELUS CORPORATION	13 Nov 2031	2.850	34	33
50	THE BANK OF NOVA SCOTIA	27 Jul 2082	7.023	50	49
15	THE BANK OF NOVA SCOTIA	3 May 2032	3.934	15	14
150	THE BANK OF NOVA SCOTIA	8 May 2026	5.500	151	152
50	TMX GROUP LIMITED	5 Jun 2028	3.779	53	48
25	TMX GROUP LTD	11 Dec 2024	2.997	24	24
15	TORONTO DOMINION BANK	31 Oct 2082	7.283	15	15
40	TORONTO DOMINION BANK	8 Jan 2029	4.680	40	39
15	TORONTO DOMINION BANK	8 Mar 2028	1.888	13	13
75	TORONTO DOMINION BANK	27 Jan 2026	4.344	75	74
375	TORONTO DOMINION BANK	13 Mar 2025	1.943	372	351
75	TORONTO DOMINION BANK	8 Mar 2024	2.850	74	73
175	TRANSCANADA PIPELINES LTD	5 Apr 2027	3.800	174	167
50	WELLS FARGO & CO	19 May 2026	2.975	50	47
40	LOWER MATTAGAMI ENERGY LP	31 Oct 2033	4.854	41	40
35	LOWER MATTAGAMI ENERGY LP	21 Oct 2026	2.307	32	32
148	LOWER MATTAGAMI ENERGY LP	20 Jun 2024	3.416	162	145
50	ENERGIR LP	27 Sep 2032	4.670	50	50
25	LOBLAW COMPANIES LIMITED	13 Sep 2032	5.008	25	25
20	ALTALINK LP	28 Nov 2032	4.692	20	20
20	FAIRFAX FINL HOLDINGS LTD	16 Dec 2026	4.700	20	19
50	FEDERATION DES CAISSES DESJARD	19 May 2027	4.407	50	49
				7,175	6,848
<b>Total - Bonds</b>				9,658	9,147

## Schedule of investment portfolio

as at December 31, 2022

(in thousands of Canadian \$)

Par value	Security	Cost	Carrying amount
<b>Equities</b>			
<b>Energy</b>			
1,350	BROOKFIELD RENEWABLE PARTNERS	59	46
5,944	ENBRIDGE INC	282	314
373	EOG RESOURCES INC	39	65
2,843	TC ENERGY CORP	172	153
1,796	PARKLAND CORP	63	53
		<b>615</b>	<b>631</b>
<b>Materials</b>			
104	LINDE PLC	33	46
		<b>33</b>	<b>46</b>
<b>Communication Services</b>			
516	ALPHABET INC	69	62
776	AMAZON.COM INC	125	88
1,542	BCE INC	99	92
291	META PLATFORMS INC	79	47
47	NETFLIX INC	27	19
7,043	QUEBECOR INC	203	212
4,986	SHAW COMMUNICATIONS INC	172	194
5,108	TELUS CORP	132	133
1,068	THOMSON REUTERS CORP	116	165
		<b>1,022</b>	<b>1,012</b>
<b>Utilities</b>			
1,083	FORTIS INC	57	59
3,908	BROOKFIELD INFRASTRUCTURE	176	164
1,983	HYDRO ONE LIMITED	55	72
		<b>288</b>	<b>295</b>
<b>Financials</b>			
1,301	BANK OF NOVA SCOTIA	88	86
324	CME GROUP INC	81	74
243	CULLEN/FROST BANKERS INC	34	44
1,433	DEFINITY FINANCIAL CORP	39	55
1,495	IA FINANCIAL CORP INC	104	118
632	INTACT FINANCIAL CORP	95	123
463	INTERACTIVE BROKERS GROUP INC	37	45
153	MARSH & MCLENNAN COS INC	31	34
126	MASTERCARD INC	54	59
267	NATIONAL BANK OF CANADA	19	24
123	PUBLIC STORAGE	52	47
2,702	ROYAL BANK OF CANADA	280	344
923	SUN LIFE FINANCIAL INC	55	58
724	TMX GROUP LTD	95	98
2,752	TORONTO DOMINION BANK	203	241
1,593	BROOKFIELD RENEWABLE CORP	74	59
		<b>1,341</b>	<b>1,509</b>

## Schedule of investment portfolio

as at December 31, 2022

(in thousands of Canadian \$)

Par value	Security	Cost	Carrying amount
<b>Equities (continued)</b>			
<b>Consumer Staples</b>			
462	LAMB WESTON HOLDINGS INC	33	56
391	LOBLAW COMPANIES LTD	38	47
2,237	MAPLE LEAF FOODS INC	62	54
320	METRO INC	18	24
438	PREMIUM BRANDS HOLDINGS CORP	47	36
179	WESTON (GEORGE) LTD	23	30
		<b>221</b>	<b>247</b>
<b>Consumer Discretionary</b>			
201	FIVE BELOW INC	45	48
284	TJX COS INC/THE	23	31
376	WALMART INC	72	72
		<b>140</b>	<b>151</b>
<b>Health</b>			
180	AMGEN INC	53	64
1,476	CANADIAN NATIONAL RAILWAY CO	195	238
102	CHARLES RIVER LABORATORIES INT	35	30
281	DANAHER CORP	81	101
1,416	ENVISTA HOLDINGS CORP	73	65
2,121	CANADIAN APARTMENT PPTYS REIT	110	90
2,144	GRANITE REIT	171	148
		<b>718</b>	<b>736</b>
<b>Industrials</b>			
84	NORDSON CORP	25	27
112	ROCKWELL AUTOMATION INC	33	39
455	WASTE CONNECTIONS INC	72	82
1,627	WSP GLOBAL INC	195	256
1,692	BROOKFIELD ASSET MGMT LTD	71	65
2,663	BROOKFIELD CORPORATION	134	113
		<b>530</b>	<b>582</b>
<b>Technology</b>			
108	ADOBE INC	63	49
223	ANALOG DEVICES INC	46	50
326	APPLE INC	42	57
92	CONSTELLATION SOFTWARE INC	161	194
404	MICROSOFT CORP	121	131
154	TEXAS INSTRUMENTS INC	33	34
207	WORKDAY INC	61	47
		<b>527</b>	<b>562</b>
<b>Total - Equities</b>		<b>5,435</b>	<b>5,771</b>
<b>Total - Schedule of investment portfolio</b>		<b>37,910</b>	<b>37,735</b>

## **1. General information about the Plan**

The INDIVIDUAL Plan (the “Plan”) is a trust maintained by declaration of trust pursuant to the Civil Code of Quebec. It is governed by a trust agreement (the “Agreement”) concluded on July 9, 2010, between the Kaleido Foundation (the “Foundation”), Eterna Trust Inc. and Kaleido Growth Inc. (“Kaleido Growth”). The latter acts as the investment fund manager of the INDIVIDUAL Plan promoted by the Foundation. The Plan’s head office and principal place of business is located at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City (Quebec) G1W 0C5.

The INDIVIDUAL Plan is a group scholarship plan under which the refund of contributions (savings) is guaranteed at all times, as are sales charges refunds, if the plan reaches maturity. The Plan is available only to current subscribers of the INDIVIDUAL Plan who wish to purchase additional units. Since December 14, 2017, eligible studies that qualify for educational assistance payments (EAPs) are general or technical, full-time or part-time (college, community college or university) post-secondary educational programs offered in Canada or a foreign equivalent. Programs offered in a post-secondary institution intended to provide a person with or improve the skills required in the exercise of a professional activity are also eligible. In all cases, these programs must have a minimum duration of three consecutive weeks, comprising at least 10 hours of courses or schoolwork per week. Specified educational programs are also eligible. Specified educational programs are post-secondary programs of study with a minimum duration of three consecutive weeks and to which a student must dedicate a minimum of 12 hours per month on courses. When a beneficiary is registered in a distance learning program for such studies, they are also considered eligible. The Plan invests in equities of Canadian companies, debt securities issued or guaranteed by a Canadian government and Canadian treasury short-term debt securities.

Kaleido Growth and the Foundation launched the IDEO+ product line on May 1, 2022 and terminated distribution of the Plan on April 30, 2022. Kaleido Growth and the Foundation will continue to honor existing contracts until the scheduled maturity date, including the payment of scheduled contributions.

The publication of these financial statements was authorized by the Board of Directors on March 23, 2023.

## **2. Significant accounting policies**

### **Statement of compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) applicable as at December 31, 2022.

### **Basis of preparation**

These financial statements are prepared on a going concern and historical cost basis, except for certain financial instruments that have been measured at fair value at the end of each reporting period, as explained in the accounting policies described hereafter.

Assets and liabilities in the statements of financial position are listed in order of most liquid to least liquid. Financial assets are accounted for on the transaction date. The presentation currency of the financial statements is the Canadian dollar (CAN\$), which is also the Plan’s functional currency.

### **Investment entity**

The Plan satisfies the definition of investment entity set out in IFRS 10, *Consolidated Financial Statements*, since it meets the following conditions:

- the Plan obtains funds from multiple investors (subscribers) for the purpose of managing their savings;
- the Plan commits to its investors (subscribers) that its business purpose is to invest funds solely for returns from capital appreciation and investment income, in accordance with its mission;
- the Plan measures and evaluates the performance of its investments on a fair value basis.

Therefore, the Plan does not prepare consolidated financial statements.

## Notes

for the years ended December 31, 2022 and 2021

(in thousands of Canadian \$)

---

### 2. Significant accounting policies (continued)

#### Revenue recognition

- **Interest income for educational assistance payments**

Interest income is recognized when it is probable that future economic benefits will flow to the Plan and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the outstanding principal and the effective interest rate.

- **Dividends**

Dividend income is recognized when the Plan's right to receive payment is established, i.e., the dividend declaration date.

#### Recognition of expenses

- **Brokerage fees**

Brokerage fees paid to dealers represent a commission established by the dealer and usually ranges from \$0.01 to \$0.05 per share or bond purchased or sold.

- **Portfolio management fees**

Fees paid to portfolio managers correspond to a declining percentage established by the managers based on the average total assets invested under their respective management.

- **Trustee fees**

Trustee fees represent a fixed annual amount established under agreements with trustees.

- **Custodian fees**

Fees paid to custodians represent 0.009% (0.009% in 2021) of the average annual assets under management. Transaction fees for the purchase and sale of securities are also charged.

- **Administration fees**

Administration fees paid to promoters and investment fund managers could not exceed 1.305% of the Plan's total assets under management since May 1, 2022. Pricing changed as follows:

- Between January 1, 2021 and June 30, 2021; cap = 1.18%.
- Between July 1, 2021 and April 30, 2022; cap = 1.35%
- **Since May 1, 2022; cap = 1.305%**

Any portion of the administration fees that is not required to maintain and develop the organization is deducted from any excess of revenues over expenses of Kaleido Growth Inc., and any surplus is returned to the Plans UNIVERSITAS, REFLEX and INDIVIDUAL (the "Plans") by reducing the rate of the administration fees.

- **Independent Review Committee fees**

The Independent Review Committee fees comprise the compensation paid to IRC members for attendance fees at meetings and an annual retainer as well as the reimbursement of any expenses incurred to attend these meetings.

#### Financial instruments

- **Classification and measurement of financial assets**

At initial recognition, all financial assets are recorded at fair value in the statements of financial position. After initial recognition, financial assets must be classified as measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Plan determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets.



## **2. Significant accounting policies (continued)**

### **Financial instruments (continued)**

- **Classification and measurement of financial assets (continued)**

In addition, under the fair value option, a financial asset may be irrevocably designated at fair value through profit or loss at initial recognition if certain conditions are met. The Plan has not designated any asset under the fair value option.

- **Contractual cash flow characteristics**

For the purpose of classifying a financial asset, the Plan must determine whether the contractual cash flows associated with a financial asset are solely payments of principal and interest on the principal amount outstanding. The principal generally corresponds to the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs, as well as a profit margin. If the Plan determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, the financial assets must be classified as measured at fair value through profit or loss.

- **Business model**

When classifying financial assets, the Plan determines the business model used for each portfolio of financial assets that are managed together to achieve a same business objective. The business model reflects how the Plan manages its financial assets and the extent to which the financial asset cash flows are generated by the collection of the contractual cash flows, the sale of the financial assets, or both. The Plan determines the business model using scenarios that it reasonably expects to occur. Consequently, the business model determination is a matter of fact and requires the use of judgment and consideration of all the relevant evidence available to the Plan at the date of determination.

A financial asset portfolio falls within a “hold to collect” business model when the Plan’s primary objective is to hold these financial assets in order to collect contractual cash flows from them and not to sell them. When the Plan’s objective is achieved both by collecting contractual cash flows and by selling the financial assets, the financial asset portfolio falls within a “hold to collect and sell” business model. Financial assets are measured at fair value through profit or loss if they do not fall within either a “hold to collect” business model or a “hold to collect and sell” business model.

The entire investment portfolio is now classified at fair value through profit or loss as the Plan’s strategy, as described in the prospectus, and its decisions are based on the fair value of assets. Although the Plan collects contractual cash flows during the ownership of these assets, they are considered incidental and not essential to achieving the objectives of the Plan’s business model. Since this model corresponds to another business model in accordance with IFRS 9, these financial assets are to be classified at fair value through profit or loss.

Cash, sales pending settlement, other accounts receivable, dividends receivable, interest receivable, CESG receivable and QESI receivable are recorded at amortized cost, since they are managed according to a business model for which the objective is to collect contractual cash flows that correspond solely to payments of principal and interest on the principal amount outstanding. At initial recognition, these assets are recorded at fair value and are subsequently measured at amortized cost using the effective interest method. The assets are presented net of provisions for credit losses (PCLs), if any, in the statements of financial position.

At the end of each reporting period, the Plan applies a three-stage impairment approach to measure the expected credit losses (ECLs) on all debt instruments measured at amortized cost. The ECL model is forward-looking. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. Any initial and subsequent impairment must be recognized in profit or loss.

The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a provision for credit losses is recorded in an amount equal to 12-month expected credit losses. When there is a significant increase in credit risk since initial recognition, these financial instruments are migrated to Stage 2, and a provision for credit losses in an amount equal to lifetime expected credit losses is recorded. For trade and other accounts receivable that have no significant financing component, the Plan uses the simplified method, so the provision for credit losses corresponds to an amount equal to lifetime expected credit losses.

## **2. Significant accounting policies (continued)**

### **Financial instruments (continued)**

- **Business model (continued)**

In subsequent reporting periods, if the credit risk of a financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and a provision for credit losses equal to lifetime expected credit losses continues to be recorded or the financial asset is written off. Interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Purchases pending settlement, accounts payable and other liabilities, as well as QESI refundable are classified as financial liabilities at amortized cost. Upon initial recognition, these liabilities are recorded at fair value and are subsequently measured at amortized cost using the effective interest method.

### **Cash**

Cash consists of deposits made in financial institutions.

### **Sales and purchases pending settlement**

Sales pending settlement are investments sold with a transaction date prior to year-end 2022 but a settlement date in 2023. Purchases pending settlement are investments purchased with a transaction date prior to year-end 2022 but a settlement date in 2023.

### **Quebec Education Savings Incentive (QESI) receivable**

The QESI is generally received in the month of May following the tax year in which the contributions were received. As of the reporting date of the financial statements, the QESI amount receivable is estimated based on all subscriber contributions made during the year ended December 31, 2022. This amount is estimated by first applying the methodology of the basic grant. If a subscriber is eligible for the additional grant, a supplementary grant amount receivable is then estimated in accordance with the applicable methodology. The total basic grant and the total additional grant are subject to the annual and lifetime limits, which are also factored into the estimated amount of QESI receivable.

### **Net assets attributable to contracts**

The net assets attributable to contracts represent a financial liability resulting from a unique contract, and the Plan provides a breakdown of this liability according to its use, i.e., subscriber savings, sales charge refund obligation at maturity, EAP account, CESG, QESI or accumulated income on the CESG and QESI.

- **Subscriber savings**

The subscriber savings account consists of the contributions received from subscribers, excluding sales charges. The Plan guarantees the refund of savings to subscribers at all times.

- **EAP account**

The educational assistance payment (EAP) account consists of the net investment income accumulated on subscriber savings over time, net of the EAPs paid and the portion of net income used to refund sales charges. This account may be used only to issue EAPs, and these EAPs cannot exceed the sum in the eligible beneficiary group's EAP account.

- **Canada Education Savings Grant (CESG)**

Since January 1, 1998, the Government of Canada has been adding 20% to contributions made to a registered education savings plan (RESP), up to the eligible limit, by a subscriber who meets all the Canada Education Savings Program (CESP) requirements and submits the necessary information to the Plan. The annual CESG limit is set at \$500 per beneficiary (i.e., \$2,500 x 20% = \$500). Moreover, since January 1, 2005, the CESG rate that applies to the first \$500 of the annual RESP contribution increased from 20% to 40% for beneficiaries whose adjusted family net income in 2022 does not exceed \$50,197 and to 30% for beneficiaries whose adjusted family net income in 2022 falls between \$50,198 and \$100,392.

## Notes

for the years ended December 31, 2022 and 2021

(in thousands of Canadian \$)

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

- **Canada Education Savings Grant (CESG) (continued)**

These amounts are indexed every year. Beneficiaries born on or after January 1, 2004, from financially eligible families also qualify for the Canada Learning Bond (CLB), which consists of an initial payment of \$500 into the beneficiary's RESP.

Subsequently, this beneficiary can also qualify for additional CLB payments of \$100 each year of eligibility for a maximum of 15 years. The grant is paid as part of the EAPs made to the beneficiary.

- **Quebec Education Savings Incentive (QESI)**

On February 20, 2007, the Government of Quebec introduced the Quebec Education Savings Incentive (QESI), a program to encourage education savings that took the form of a refundable tax credit paid directly in an RESP opened with an RESP provider offering the QESI. The grant's annual limit is set at \$250 per beneficiary (i.e., \$2,500 x 10% = \$250). Moreover, the QESI rate on the first \$500 contributed annually to an RESP is 20% for beneficiaries whose adjusted family net income in 2022 does not exceed \$46,295. The rate is 15% for beneficiaries whose 2022 adjusted family net income falls between \$46,296 and \$92,580. These amounts are indexed each year. The credit applies as of the 2007 taxation year to contributions to RESPs after February 20, 2007, for a calendar year after 2006. The cumulative QESI lifetime limit per beneficiary is set at \$3,600. The grant is paid as part of the EAPs made to the beneficiary.

#### Taxation

The Plan is a trust under a registered education savings plan (RESP) and is exempted from filing a Trust Income Tax Return. Therefore, the Plan does not recognize income tax expenses.

### 3. Significant accounting judgments, estimates and assumptions

When applying the Plan's accounting policies, as described in Note 2 to the financial statements for the year ended December 31, 2022, management must make judgments as well as estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and underlying assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year during which the estimate is revised if the revision affects only that year or in the year of the revision and future years if said revision affects both current and future years.

Management exercised judgment and made estimates and underlying assumptions regarding the QESI receivable.

### 4. Investments

	December 31, 2022	December 31, 2021
Short-term investments	22,817	7,159
Bonds	9,147	24,355
Equities	5,771	16,643
	37,735	48,157

### 5. Current assets and liabilities

The Plan expects to recover the amounts relating to sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, no later than 12 months following the end date of the reporting period. In addition, the Plan expects to settle the sums for the purchases pending settlement, the QESI refundable as well as accounts payable and other liabilities no later than 12 months following the end date of the reporting period.

## Notes

for the years ended December 31, 2022 and 2021

(in thousands of Canadian \$)

### 6. Accounts payable and other liabilities

	Notes	December 31, 2022	December 31, 2021
Amount payable to Universitas Management Inc.	7	19	82
Amount payable to the Universitas Foundation of Canada	7	25	-
Accumulated income on grants for payment to a designated educational institution		62	61
Other		21	39
		<b>127</b>	<b>182</b>

### 7. Related party transactions

#### Kaleido Growth Inc.

Kaleido Growth Inc., a wholly owned subsidiary of Kaleido Foundation, is the distributor of the products promoted by the Foundation and serves as the Plan's distributor and investment fund manager.

#### Kaleido Foundation

The Foundation is the promoter of the INDIVIDUAL Plan. The Plan and the Foundation report to the same Board of Directors.

	December 31, 2022	December 31, 2021
<b>Administration fee</b>		
Kaleido Growth Inc.	617	574
	<b>617</b>	<b>574</b>
<b>Amount receivable (payable)</b>		
Kaleido Growth Inc.	(19)	(82)
Kaleido Foundation	(25)	1,800
	<b>(44)</b>	<b>1,718</b>

### 8. Capital management

The Plan's capital corresponds to the net assets attributable to contracts. Capital management objectives are as follows:

- Preserving the value of subscriber savings and government grants.
- Achieving a maximum net return while maintaining an appropriate degree of risk to reach satisfactory EAP amounts per unit.

To meet these objectives, the portfolio managers are mandated to optimize total returns through high-quality investments, strategic asset diversification and allocation, security selection, duration management and credit analysis. The Plan periodically reviews and revises its policies and procedures.

## **8. Capital management (continued)**

For the year ended December 31, 2022, the following policies and procedures were applied:

- **Subscriber savings:** The Plan commits to refund subscriber savings and to invest the savings solely in fixed-income securities (government and corporate bonds) before plan maturity. After plan maturity, the Plan invests these funds solely in cash or cash equivalents to ensure the liquidity of investments, as these sums may be withdrawn at any time.
- **Government grants:** Grants received before April 20, 2012, are invested with a target allocation of 100% variable-income securities (Canadian and U.S. equities). Government grants received on or after April 20, 2012, are invested entirely in fixed-income securities such as the subscriber savings.
- **Income earned on grants, SCROM, and the EAP account:** The Plan invests the amounts attributed to these funds with a target allocation of 100% variable-income securities such as government grants received before April 20, 2012.
- **For individual plans established following a transfer from a group plan at maturity,** the sums held as part of the contract are invested in cash or cash equivalents, as these sums may be withdrawn in the short-term.

During the year ended December 31, 2022, the Plan maintained the same strategy of prudent portfolio management as that of previous reporting periods by maintaining the investment philosophy adopted by the Investment Committee and portfolio managers.

These policies and procedures must comply with the provisions of the Securities Act (Quebec) and meet the requirements of Paragraph 146.1 (1) of the Income Tax Act (Canada). The Plan is not subject to any other external capital requirements.

## **9. Financial instruments**

### **Fair value**

#### **• Establishing fair value**

The fair values of cash, sales pending settlement, dividends receivable, interest receivable, QESI receivable, other accounts receivable, purchases pending settlement, CESC refundable, QESI refundable, and accounts payable and other liabilities approximate their carrying amounts due to their short-term maturities.

The fair value of net assets attributable to contracts corresponds to its carrying amount given that it is the residual amount allocated to contract holders and to beneficiaries at the reporting date.

The fair value of equity investments is established using the bid price values. If quoted prices in active markets are unavailable, the fair value of investments in short-term investments and bonds is determined using current valuation methods such as a model that relies on discounting expected future cash flows or similar techniques. These methods use current observable market data for financial instruments with similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, yield curves and credit risks.

#### **• Fair value hierarchy**

For financial reporting purposes, fair value measurements are classified in accordance with a hierarchy (Levels 1, 2, or 3). This classification is based on the level at which fair value measurement inputs are observable as well as on the significance of a particular input to the fair value measurement in its entirety. The fair value hierarchy consists of the following levels:

- **Level 1 - Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities** (for example, prices observable on the TSX) and for which the entity can access at the measurement date.
- **Level 2 - Valuation based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability,** either directly (i.e., prices) or indirectly (i.e., derived from prices). For example, matrix pricing, yield curves and indices.
- **Level 3 - Valuation in which a significant portion of the inputs used for assets or liabilities are not based on observable market data (unobservable inputs).** For example, private investment valuations by portfolio managers.

## Notes

for the years ended December 31, 2022 and 2021

(in thousands of Canadian \$)

### 9. Financial instruments (continued)

#### Fair value (continued)

- **Fair value hierarchy (continued)**

The hierarchy that applies when determining fair value requires the use of observable market inputs whenever such inputs exist. Fair values are classified in Level 1 when the security is traded on an active market and a quoted price is available. If a financial instrument classified in Level 1 ceases to trade in an active market, it is transferred to the next level (Level 2). If the valuation of its fair value requires significant use of unobservable market inputs, it is then classified in Level 3.

The following tables present the financial instruments recorded at fair value in the statements of financial position, classified using the fair value hierarchy:

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Short-term investments	22,783	34	-	22,817
Bonds	-	9,147	-	9,147
Equities	5,771	-	-	5,771
	28,554	9,181	-	37,735

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Short-term investments	5,985	1,174	-	7,159
Bonds	-	24,355	-	24,355
Equities	16,643	-	-	16,643
	22,628	25,529	-	48,157

Over the course of the years ended December 31, 2022 and December 31, 2021, there was no significant transfer between levels 1 and 2.

#### Risk management related to financial instruments

Due to the nature of its business activities, the Plan is exposed to a variety of financial risks arising from financial instruments, such as credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plan's overall risk management program seeks to maximize the returns achieved without exposing subscriber investments to undue risks and to minimize potential adverse impacts on financial performance. The main risks stemming from financial instruments to which the Plan is exposed and the main actions taken to manage those risks are as follows:

- **Credit risk**

The Plan is exposed to credit risk, which is the risk of a party to a financial instrument failing to meet its obligations, resulting in a financial loss for the other party. The Plan's exposure to credit risk arises from its investments in debt securities. The Plan has established qualitative selection criteria for investments to limit this risk. As for investments related to subscriber savings and to a portion of the government grants received as of April 20, 2012, the Plan selects only securities issued by the Government of Canada, a provincial government, a municipality, an organization that has a government guarantee, or a corporation that is considered investment grade. The other amounts making up the net assets attributable to contracts may also be invested in securities issued by corporations.

Quantitative restrictions have also been established to reduce credit risk. Securities from all borrowers, except a government, are limited to 10% of the total market value of the fixed-income securities entrusted to the portfolio manager. A minimum BBB rating is required when purchasing.

## Notes

for the years ended December 31, 2022 and 2021

(in thousands of Canadian \$)

### 9. Financial instruments (continued)

#### Risk management related to financial instruments (continued)

- Credit risk (continued)**

As at December 31, 2022 and as at December 31, 2021, the Plan invested in fixed-income securities that are neither past due nor impaired and that had the following credit ratings:

Credit rating	Percentage of total debt securities*	
	December 31, 2022	December 31, 2021
	%	%
AAA	17.9	1.2
AA	46.3	62.0
A	23.3	21.9
BBB	12.5	14.9

\* Excludes short-term investments

The Plan's maximum exposure to credit risk is the carrying amount of the financial instruments presented in the statements of financial position.

- Liquidity risk**

Liquidity risk refers to the Plan's ability to meet its commitments under financial liabilities and therefore its capacity to make payments as required. The Plan is exposed to daily refunds to subscribers, who are entitled to request a refund of their savings at any time. However, the majority of subscribers hold their investment until the contract's maturity date. Liquidity risk is considerably reduced by the fact that the subscriber savings are entirely invested in fixed-income securities on liquid markets. The Plan carefully manages its cash position daily and ensures the minimum cash level required to meet its liquidity needs is maintained.

The following table presents the contractual maturities of the Plan's financial liabilities as at December 31, 2022, assuming the subscribers claim their savings at contract maturity (subscribers are also entitled to claim these at any time by cancelling part or all of their units):

Maturity	Purchases pending settlement	Accounts payable and other liabilities	QESI refundable	Net assets attributable to contracts	Total
2022	-	127	135	38,377	38,639

The following table presents the contractual maturities of the Plan's financial liabilities as at December 31, 2021, assuming the subscribers claim their savings at contract maturity (subscribers are also entitled to claim these at any time by cancelling part or all of their units):

Maturity	Purchases pending settlement	Accounts payable and other liabilities	QESI refundable	Net assets attributable to contracts	Total
2021	-	182	130	53,167	53,479

- Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. Changes in certain financial market parameters can influence the Plan's statements of financial position and comprehensive income. The Plan considers these risks when deciding on the overall asset allocation options.



## 9. Financial instruments (continued)

### Risk management related to financial instruments (continued)

- Market risk (continued)**

Market risk is reduced through a diversification of the investment portfolio among multiple financial markets (money market, bond and stock exchange), among diverse products with varying risk profiles (participative or fixed-income securities) and among multiple market sectors (government, municipal, energy, materials, communication services, utilities, financials, consumer staples, consumer discretionary, industrials and technology).

- Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan carries out transactions denominated in foreign currencies and is therefore exposed to currency risk when selling and buying investments in U.S. currencies and when the Plan has U.S. currencies in its cash. As of December 31, 2022, the Plan had \$18.5 in U.S. currency (\$61.1 as at December 31, 2021), representing \$ 25.1 in cash (\$77.2 as at December 31, 2021). Lastly, the Plan also had U.S. currency shares totalling \$1.2M (\$4.6M as at December 31, 2021), representing \$1.6 M in investments (\$5.8M as at December 31, 2021). The Plan had \$1.8 in dividends receivable in U.S. currency (\$4.5 as at December 31, 2021), representing \$2.4 in dividends receivable (\$5.7 as at December 31, 2021).

- Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Changes in interest rates have a direct impact on the value of the investment portfolio's fixed-maturity securities. This risk is mitigated by a duration range for the active portion of the bond portfolio and by developing a target duration correlated to the economic outlook for the passive portion of the bond portfolio. The maturity allocation of bonds is regularly adjusted based on anticipated interest rate movements, in compliance with the established maturities under the Plan's investment policy. The target duration is based on an analysis of the economic situation, prospects and risk based on the very nature of the Plan.

As at December 31, 2022, a 100-basis-point change in market interest rates, assuming a parallel shift in the yield curve and all other variables remaining constant, would cause the fair value of bonds held in the Plan's investment portfolio, net income, comprehensive income, and net assets attributable to contracts to change by approximately \$0.4M (\$0.9M as at December 31, 2021). In practice, actual results may differ materially from this analysis.

Investments that present interest rate risk are as follows:

	December 31, 2022	December 31, 2021
	%	%
Maturing in less than one year	71.4	22.7
Maturing in one to five years	20.1	52.0
Maturing after five years	8.5	25.3

- Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or to its issuer, or factors affecting all similar financial instruments traded in the market. Stock market volatility mostly influences the value of the equities held by the Plan. It should be noted, however, that this exposure is spread in various market sectors, especially in Canadian and U.S. large-cap securities, which reduces this risk. The stock market index for equities is the S&P/TSX.

A 10% change in the stock market index, with all other variables remaining constant, would create a change of approximately \$0.6M as at December 31, 2022 (\$1.7M as at December 31, 2021) in the fair value of the Plan's equity holdings, net income, comprehensive income and net assets attributable to contracts. In practice, actual results may differ materially from this analysis. The sensitivity analysis on the fair value of the bonds is described in the "Interest rate risk" section.



## Notes

for the years ended December 31, 2022 and 2021

(in thousands of Canadian \$)

### 9. Financial instruments (continued)

- **Concentration risk**

Concentration risk arises from having positions concentrated within a same category, whether that category is geographical location, product type, market sector or type of counterparty. The following table summarizes the Plan's concentration risk in relation to the total carrying amount of equity investments:

Market sectors	December 31, 2022	December 31, 2021
	%	%
Energy	10.9	8.2
Materials	0.8	1.0
Communication Services	17.5	3.0
Utilities	5.1	7.6
Financials	26.1	32.8
Consumer Staples	4.3	10.4
Consumer Discretionary	2.6	5.0
Health	12.8	5.0
Industrials	10.1	9.5
Technology	9.7	17.5

- **Offsetting**

The following table presents the financial instruments that have been offset in the Plan's financial statements:

Canada Education Savings Grant (CESG) receivable	December 31, 2022	December 31, 2021
Gross financial assets	61	1,259
Financial liabilities offset	(16)	(34)
	45	1,225

The Plan has no other financial instrument subject to an enforceable master netting agreement or similar agreement.

The Plan does not hold assets that can be used as a guarantee for the CESG receivable.

### 10. Economic situation

The consequences of the pandemic, the Russian invasion in Ukraine and the Chinese zero tolerance policy towards Covid (leading to numerous shortages) have weighed heavily in the slowdown of the world economy in 2022. This has led to strong inflationary pressure with multiple rate hikes in a relatively short period of time and a de facto effect on prices. All of these factors have had an impact on the Plan's annual return on both variable income securities (correlated to market fluctuations) and fixed income securities, whose bond market had a disastrous year.

The Plan continues to manage its assets in accordance with established investment and risk policies.

**Scholarship Agreements (unaudited)**  
**as at December 31, 2022**  
**(in thousands of Canadian \$)**

Number of units as at Dec. 31, 2021	Number of subscribed units	Number of cancelled or expired units	Number of units as at Dec. 31, 2022	Subscribers' Savings	EAP Account	CESG and Accumulat ed Income on CESG	QESI and Accumulat ed Income on QESI
<b>10,988</b>	<b>636</b>	<b>(2,577)</b>	<b>9,047</b>	<b>16,470</b>	<b>634</b>	<b>17,485</b>	<b>3,788</b>

**Educational assistance payments (unaudited)**  
for the years ended December 31, 2022 and 2021  
(in thousands of Canadian \$)

<b>Paid educational assistance payments</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
EAP paid excluding government grants and accrued income thereon	<b>192</b>	<b>296</b>
	<b>192</b>	296

## **Kaleido Growth Inc.**

Distributor and manager of the scholarship plans  
promoted by Kaleido Foundation

1035 Wilfrid-Pelletier Ave., Suite 500  
Quebec QC G1W 0C5

Phone: 1 877 710-7377  
Fax: 418 651-8030  
Email: [info@kaleido.ca](mailto:info@kaleido.ca)

